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THE RURAL ORGANIZATION SERVICE—DISCUSSION

CHARLES J. BRAND: The problems of marketing are exceedingly difficult and complex. Constructive work in so involved a subject requires a sound plan of procedure. Congress at its last session appropriated \$50,000 for the use of the Department of Agriculture in beginning an investigation of present and improved methods of marketing and distributing the enormous annual products of our farms.

The plan which has finally been adopted after a thoroughgoing preliminary study includes the following subdivisions: (1) The study and promulgation of market grades and standards; (2) Market surveys—methods and costs; (3) Investigation of transportation and storage problems; (4) City marketing and distribution investigations; (5) Studies and demonstrations in coöperative production and marketing.

In addition to the above, the Office of Markets conducts the special investigation of cotton handling and marketing which the Department has under way.

The following brief statements will indicate the work outlined under the different headings:

Market Grades and Standards.

The study of market grades and standards will include economy, sizes, suitability of packages and containers, methods of preparation of perishable products for market, demonstration of results obtained by the best of the methods used, and all necessary work contemplating the ultimate establishment so far as practicable of official market grades and standards of farm products.

Market Surveys—Methods and Costs.

This work will include surveys of available market supplies in production areas, demand at consuming centers, quantities of produce in cellar, cold, and other storages, marketing systems and prices, commission, brokerage, auction and other methods of marketing agricultural products, the effect upon the producer of produce exchange prices and future dealings, cost and other problems involved in wholesale and retail distribution of farm products. In connection, the feasibility of conducting a market news service will be carefully determined.

Transportation and Storage Problems.

This work will include investigations of problems in transportation, concentration, storage, and preservation of farm products, elimination of waste, and the study of problems connected with surplus market supplies, also the transportation, distribution and delivery of supplies needed on the farm, terminal and transfer facilities and practices including freight congestion, car supply, deterioration in transit, minimum car lot and demurrage regulations, improved car construction for specific products, extension of the practice of precooling of perishables, efficiency of iced pick-up cars, and other special service concerned in getting the products of the farm to the ultimate consumer.

City Marketing and Distribution Investigations.

The Department's first interest naturally is in the farmer producer. Nevertheless, we have the greatest interest in the consumer. Help to either, if based on sound economic grounds, should be a help to the other. The work in city marketing and distribution is planned to be definitely and practically helpful. It contemplates a careful study of the uses and limitations of farmers' municipal, wholesale and retail market houses, curb markets, and other systems of city distribution, including all the problems involved in provisioning metropolitan populations and the promotion of direct dealing between producers and consumers by parcel post, express, freight, and other methods of delivery which the varying conditions of different communities may justify.

Coöperative Production and Marketing Investigations.

Upon the ultimate successful outcome of the extension of co-operation depends in large part the solution of our marketing difficulties. Small farmers producing less than car lots cannot hope to pack, crate, ship, and sell to advantage. With a view to extending coöperative enterprises into all sections where this type of handling farm business is best suited, the Department will study not only production and marketing, but coöperative producing and distributing, as well as the auditing and accounting systems of coöperative organizations, for upon efficiency in this respect depends in large part the success of farmers' coöperative organizations. The information obtained will be furnished to farmers' organizations and societies of consumers and others interested in the problems of marketing and distribution. In sections repre-

senting different types of agricultural industries we plan also to conduct demonstrational work along these lines.

The Office of Markets aims to be the marketing end of the agricultural interests of the country what the other branches of the Department of Agriculture have been to the producing end,—determining facts and conditions and endeavoring to solve marketing problems as they present themselves to the best interests of all concerned.

Marked results in this work should not be looked for too quickly. It must needs be largely investigational at first, and the problems, being mostly of national scope, will require broad and careful treatment. The deficiencies of our present marketing system have grown up through years, and are not to be corrected or regulated in a day.

B. H. HIBBARD: In support of what Professor Carver has said, it may be well to emphasize the point respecting the difference between the farmers' ordinary stock company and the coöperative company in which dividends on stock are limited and provision is made for a trade dividend. In the former type of organization it is usual for the voting to be done by shares, although frequently the number of shares which one member is permitted to own is limited. In the latter form each member has one vote without reference to the number of shares held. It has become quite the fashion to condemn the stock company as outside the pale of coöperation, and to insist that the principle of "one man, one vote" is the first essential in any organization to be admitted into the select company.

Before taking so definite a stand in this matter it would be well to consider that we have in the country a great number of farmers' companies doing good work and gaining the end desired through the old time stock plan of organization. These are farmers' companies, run by farmers, in the interest of farmers. Such are the elevator companies of which there are around two thousand. No doubt they fall short of the ideal as coöperative concerns, but they are coming nearer to it. For instance, it was a very usual thing six or eight years ago for them to publish with a good deal of gusto the fact that they had made fifty or a hundred per cent dividends on the investment. Now they run usually so as to make much less, and where big dividends are made they keep quiet about it. This change in sentiment has come about with the realization

that some stockholders are getting dividends, not so much out of the capital which they have invested, as out of the business contributed by their neighbors. However, in many states there is no legal provision for the incorporation of the strictly coöperative company, and therefore the companies as organized are about as near an approach to the ideal as circumstances will permit. Again, the practice in a great number of cases is to allow each member one vote and to pay back to each patron for his produce a price which leaves little to put into dividends. By these arrangements the advantages of the coöperative company at its best are approximated.

On the other hand, there are circumstances under which it is doubtfully advisable for the fullest type of coöperative company to be organized. Suppose, for example, that in the vicinity of some small town there are half a dozen strawberry growers who depend mainly on the sale of berries for their yearly income and a dozen growers to whom the business is incidental. If the eighteen growers should form a company for the marketing of strawberries it may well be that the six men who have the most at stake will decline to put two-thirds of the whole voting strength into the hands of the small growers who have a different relation to the business. It does not follow that the one set of men should make money out of the other set. In some cases attempts have been very successfully made to distribute the voting power according to the amount of business contributed by the several members.

Where the state law provides for a full-fledged coöperative company, where the farmers are sufficiently well educated to accept the principle, and where the amount of business contributed is not greatly unlike among the members, it would no doubt be well to insist on such an organization. But where other conditions obtain the stock company may still serve a good purpose and under it very creditable coöperation be carried on.

W. W. FOLWELL suggested the propriety of taking into account, in all discussions regarding rural betterment, the temper and disposition of the country people who are to be the beneficiaries of our charitable endeavors. No beautiful ready-made systems can be let down out of the skies which will avail anything without their invitation. The wide dispersion of the people on the large farms of America, the mixture of races in communities, the indifference,

not to say hostility, felt by many to coöperative work, must long postpone coöperation in production and restrict coöperation in the primary manufacture and sale of farm produce.

It may be that indirect means will have to be employed to draw our country people in spite of these circumstances and prejudices into associate action. It is said that the best way to keep a mule in a field is to turn him into the next lot and let him jump in.

Of all indirect allurements toward coöperative activity known to the speaker none seem to him quite so promising as the consolidated rural schools already organized in some Minnesota counties under enabling legislation. A dozen or so ordinary school districts are grouped together, acres of land are acquired, ample buildings erected, and a graded school opened. The children are carried to and fro in comfortable vehicles. All reports received thus far are full of encouragement. These central school houses are already natural places of social gatherings and centers of elevating influences.